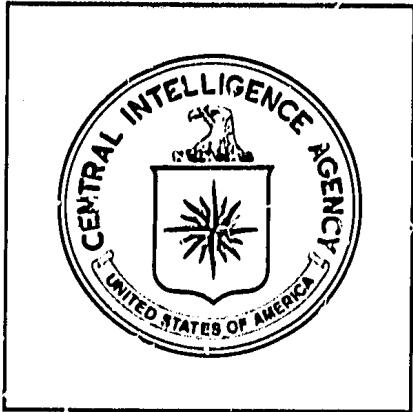
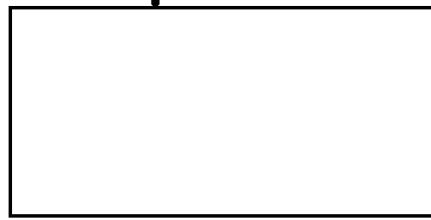


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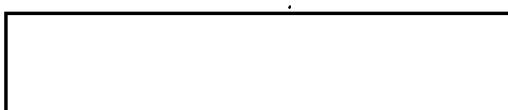
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STAFF NOTES:

Soviet Union Eastern Europe

State Department review completed

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171 25X1

November 17, 1975

25X1

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SOVIET UNION - EASTERN EUROPE

25X1

CONTENTS

November 17, 1975

25X1

25X1

25X1

25X1

Approved For Release 2005/06/09 : CIA-RDP86T00608R000400110011-5

Approved For Release 2005/06/09 : CIA-RDP86T00608R000400110011-5

Poland: The Negative Aspects
of Administrative Reform

The US consulate in Krakow reports that worsening economic problems in southern Poland have caused growing unease and, in some cases, disaffection among local party officials. The consulate sees few signs that the highly touted administrative reform enacted last May has led to a more rational approach to the nation's economic problems or that it has strengthened Gierek's control of the party at the grass-roots level. On the contrary, consular officers believe that the reform has aggravated Gierek's problems and that he may face severe testing in the near future.

Over the last four months grumbling among Polish workers in the south has perceptibly increased as a result of chronic food shortages and stepped-up exhortations to work harder. While the consulate does not feel that there is a real danger of open protests or strikes, it believes that spreading dissatisfaction is putting pressure on local authorities to devote more resources to improving living conditions.

Local leaders have responded to the complaints by flooding the market with frozen geese and canned beef with German and English export markings, but they have not instituted substantial agricultural reforms. Given the Poles' insatiable demand for meat, there is a limit to what can be done to ease this problem. Some local party officials are beginning to talk openly and pessimistically about the developing squeeze, and consular officers have heard them criticize present national policies in an unprecedented way.

Gierek's efforts to meet the problems through administrative juggling have had only limited success. In the Katowice and Opole provinces, the reforms were implemented smoothly and the role of the

November 17, 1975

ruling technocrats was enhanced. It is not entirely clear, however, that the hard-charging leaders are in full agreement with policies made in Warsaw.

In the rest of the consular district, implementation of the reforms has been slow and painful. Personnel shifts were extensive, and there have been indications of footdragging on the part of some officials.

The situation as outlined by the consulate is not restricted to southern Poland. In order to win time and support for its policies the national leadership, including Gierek, has run what appears to the consulate as an American-style campaign. Gierek has visited many potential trouble spots this fall as he prepares for the party congress early next month. At each stop he has been faced with tough questioning. In response, he has emphasized past successes and pointed out that there are limits to what can be done. Gierek obviously hopes that he will be able to win enough time for his reforms to bring results.

25X1

November 17, 1975

-3-

Hungarian Premier's Italian Trip

During a four-day visit to Italy last week, Premier Gyorgy Lazar had official talks with top Italian leaders and became the first Hungarian government head to meet the Pope since 1945. This was Lazar's first venture into bilateral diplomacy in the West since he became premier last spring.

European security and bilateral economic relations apparently dominated the official talks. Afterwards, Lazar proclaimed Hungarian readiness "to take practical steps" to implement the Helsinki accord and "to promote" its ten basic principles. His predictable support for Soviet disarmament initiatives included a profession of hope that European force reductions and SALT would "bring fruit before long."

On economic issues, the Hungarians were clearly looking for ways to resume disrupted shipments of meat to Italy--an important source of hard-currency earnings for Budapest--and to expand industrial co-operation under the 10-year economic cooperation agreement signed last year. Rome's foreign trade minister will visit Budapest in early December for follow-up talks.

In an apparent reference to CEMA-EC relations, Lazar said that relations within a multilateral framework cannot reduce or replace bilateral co-operation. This appears to be in line with Soviet statements, which in effect argue that the EC's common commercial policy towards CEMA countries should not disrupt bilateral relations between member countries of CEMA and the EC.

Lazar's call on Pope Paul VI continued the moderate upturn in Hungarian-Vatican relations. Nothing substantive appears to have come from the

November 17, 1975

25X1

25X1

meeting, although Lazar later held out the prospect of eventual diplomatic relations. [redacted]

The Hungarians are eager for the Pope to designate a primate of the Hungarian church to replace the late Cardinal Mindszenty. Budapest may calculate that appointment of a successor would help erode the Mindszenty legend in the minds of Hungarian believers.

25X1

[redacted]

November 17, 1975

-5-

Next 1 Page(s) In Document Exempt

Romania: Carrying Its Case in the Media

The Romanian press has recently begun to report details of the current anti-Cominformist campaign inside Yugoslavia, thus publicly signaling Bucharest's approval of how Tito is dealing with the pro-Soviet subversives.

On November 9 the Romanian party daily *Scienteia* ran a summary of Tito's speech to party activists in Novi Sad, in which the Yugoslav leader scathingly condemned pro-Soviets within Yugoslavia. Four days later, *Lumea*, the weekly foreign affairs journal, devoted an entire page to extracts from the same speech. The article contained pointed references to "permanent pressure against an independent and nonaligned Yugoslavia" and to those acting "not on their own initiative" (or, at the direction of Moscow). Continuing the anti-Soviet theme, the latest issue of the party's historical journal reportedly contains one of the most stingingly anti-Comintern historical pieces in years.

The coverage may mark the opening stages of a media campaign designed to complement Ceausescu's current anti-Soviet offensive

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Bucharest is challenging Moscow on numerous issues, including greater economic integration within CEMA, Moscow's pretensions to the leading role in the world communist movement, and increased Soviet pressure for conformity with Warsaw Pact military policies. In the past, when faced with Soviet demands, the Romanian leader has taken his case to the domestic and foreign audience in an effort to enlist support for his independent stance.

The articles tend to support Yugoslav diplomats in Bucharest who continue to deny, following the

25X1

November 17, 1975

-8-

25X1

postponement of the Yugoslav-Romanian summit, that there has been a falling-out between Bucharest and Belgrade. The diplomats acknowledge, however, that there are minor differences on tactics. The Yugoslavs are presumably uneasy about Ceausescu's goading of Moscow.

25X1

November 17, 1975

-9-

Yugoslavs Fire New Blast at Bulgaria

The main daily in Yugoslav Macedonia has leveled serious new charges at Sofia for alleged repression of Macedonians in Bulgaria. The article was broadcast last Thursday over the national news service Tanjug--an action suggesting approval by high officials.

The timing of the broadcast is curious. It came just five hours after Radio Belgrade had broadcast the communique signed that day by the Yugoslav foreign minister and his visiting Bulgarian counterpart. The communique, among other things, committed both sides to limit polemics over the disputed Macedonian issue

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The new Yugoslav attack is sharper than any for many months. It predictably centers on a Bulgarian census next month which, Belgrade fears, will be used to deny the existence of a Macedonian minority in Bulgaria. The article accuses Sofia of using police methods to suppress Macedonian national consciousness, propagandizing the "dissolution of Yugoslavia," and reopening concentration camps for Macedonian nationalists.

Why Yugoslavia violated the spirit of the communique even before the ink was dry is unclear. Belgrade may have wanted to get on record once more with a strong statement of support for Macedonian interests lest it be accused of "selling out" the Macedonians in return for questionable concessions from Bulgaria. Somewhat less likely, the press guidelines in Belgrade may have been outdated, and thus still were emphasizing aggressive polemics. In either case, the article would be no more than an isolated parting shot.

25X1

November 17, 1975

25X1